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1c844 U.S. PTO

PATENT APPLICATION TRANSMITTAL LETTER
(Small Entity)

Docket No.
YUN-13402/03

TO THE ASSISTANT COMMISSIONER FOR PATENTS

Submitted herewith for filing under 35 U.S.C. 111 and 37 C.F.R. 1.53 is the patent application of:

Henry C. Yuen

For: **INTERNET-BASED AUCTION METHOD**

Enclosed are:

- ☒ Certificate of Mailing with Express Mail Mailing Label No. **EK59766861505**
- ☒ **One (1) informal** sheets of drawings.
- ☐ A certified copy of a _____ application.
- ☒ Declaration ☐ Signed. ☒ Unsigned.
- ☐ Power of Attorney
- ☐ Information Disclosure Statement
- ☐ Preliminary Amendment
- ☒ **One (unsigned)** Verified Statement(s) to Establish Small Entity Status Under 37 C.F.R. 1.9 and 1.27.
- ☐ Other:

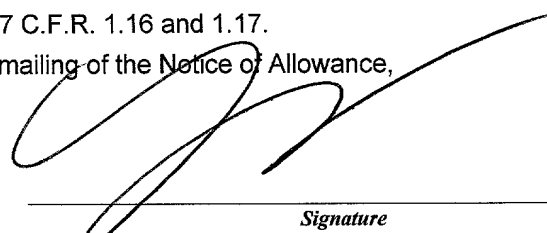
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CLAIMS AS FILED

For	#Filed	#Allowed	#Extra	Rate	Fee
Total Claims	7	- 20 =	0	x \$9.00	\$0.00
Indep. Claims	2	- 3 =	0	x \$39.00	\$0.00
Multiple Dependent Claims (check if applicable) <input type="checkbox"/>					\$0.00
BASIC FEE					\$345.00
TOTAL FILING FEE					\$345.00

- ☐ A check in the amount of _____ to cover the filing fee is enclosed.
- ☒ The Commissioner is hereby authorized to charge and credit Deposit Account No. **07-1180** as described below. A duplicate copy of this sheet is enclosed.
 - ☒ Charge the amount of **\$345.00** as filing fee.
 - ☒ Credit any overpayment.
 - ☒ Charge any additional filing fees required under 37 C.F.R. 1.16 and 1.17.
 - ☐ Charge the issue fee set in 37 C.F.R. 1.18 at the mailing of the Notice of Allowance, pursuant to 37 C.F.R. 1.311(b).

Dated: **June 30, 2000**



Signature

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Reference to Related Application

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The present invention relates generally to a method and system for purchasing goods and services. More particularly, the present invention relates to a method and system that locate and purchase goods or services at an optimal price.

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The first method, auction-based, generally comprises a website used to arbitrate bids and generate sales through a competitive offers from multiple prospective purchasers. An example of an auction-based website may be found at www.ebay.com.

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use of this method forecloses the possibility of obtaining a more favorable price through an auction process.

The offer to purchase method restricts the purchaser to one source of items, thus excluding sources that might accept a lower offer from the purchaser. Also, a purchaser using this method does not necessarily have knowledge of posted advertised prices from other sources, and thus submits an offer higher in price than the price advertised by the other sources.

What is needed therefore is a method and system for purchasing goods and services via the Internet, wherein the purchaser obtains pricing information for an item from a broad selection of vendors offering that item; determines a lowest price from the obtained pricing information, and negotiates a final purchase price lower than the lowest price obtained in the pricing information, thus gaining the ability to purchase the item at the lowest price possible in a broad market scheme.

Summary of the Invention

The present invention overcomes the deficiencies noted in the current art, and provides a method and system that spans a global market of sources for a particular item to determine a lowest price in that market. Broadly, according to the invention, the technique is used to solicit a purchase amount from the purchaser where the amount is lower than the lowest market price from the purchaser. In the preferred embodiment, the purchase amount is used to seed a bidding process among a pool of vendors, enabling a purchaser to purchase the item from the vendor submitting the lowest bid. Thus, the

In one embodiment, the process utilizes the Internet to conduct the reverse auction in two phases. In the first phase, the reverse auction process obtains the prices of like items from multiple sources, and determines a single, lowest price from obtained prices.

10 The purchaser views one or more pages on the reverse auction web site containing information regarding the reverse auction process. The purchaser then indicates to reverse auction web site server the item sought for purchase; e.g., the purchaser selects the item from a pull down menu containing a list of various items displayed on the web page.

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In the second phase, the reverse auction process solicits a starting bid from the purchaser, collects bids representing offers for sale from multiple vendors, and selects a bid containing the lowest purchase price offered by a vendor from the collection of bids.

Typically, after viewing the determined lowest price generated in phase one, the purchaser posts a starting bid to the reverse auction site, wherein the starting bid includes an offer to purchase at a price lower than the lowest price determined in the previous step.

The reverse auction site, its server, and its associated software utilize the starting bid to seed the bidding process among vendors. In doing so, the software solicits offers for sale of the item, via the Internet, from vendors of the item. The offers for sale must contain a price term where the amount is as low or lower than the starting bid. These offers for sale (hereafter, reverse bids), generate a competition to sell the item among the vendors, thus driving the purchase price of the item down below any price of a like item previously available to the purchaser from the global market.

Finally, the reverse auction process selects the reverse bid containing the lowest price offered for purchase of the item, and informs the purchaser of the same; e.g., displays the lowest reverse bid on a web page viewed by the purchaser. As a result, the reverse auction process produced an opportunity for the purchaser to purchase the item at a price lower than one obtained via an auction method, via a price search method, and via an offer by purchaser.

Brief Description of the Drawing

FIGURE 1 represents a flow diagram of the method for purchasing goods or services via the Internet according to the present invention.

Detailed Description of the Invention

The present invention provides a method and system for location and purchase of an item at an optimal price for the purchaser. The system and method consist of two phases, wherein phase one generates a lowest posted price from a consideration of prices for a requested item, and phase two generates a sale price below the lowest posted price obtained in phase one.

In the following detailed description, like reference numerals are used to refer to various elements of the invention shown in multiple figures thereof. Referring now to the drawings, and particular to Figure 1, a reverse auction method of the present invention comprising a two-phase process is shown.

Phase One

In phase one, the reverse auction method finds the lowest advertised price of the item (goods or services) to be purchased from a host of sources, thereby advantageously securing the lowest advertised price possible from web sites advertising the requested item at a posted price.

Initially, the purchaser utilizes an input device such as a PC to access a web site associated with the reverse auction. While it is contemplated that the purchaser utilizes the PC to communicate with the reverse auction web site via the Internet, any input device may be used; e.g., WebTV, PDA, telephonic devices, etc. Further, any

communication link between the PC and the reverse auction web site will suffice; e.g., analog or digital communication lines, wireless communication paths, or IR. The reverse auction web site includes a server and any combination of hardware and software necessary to carry out the functions described herein.

5 Once communications are established with the reverse auction web site, the purchaser views one or more web pages associated with the reverse auction process. From one of the web pages, the purchaser enters a request containing a textual description of the item sought 4. Alternatively, the purchaser selects the item from a pull down menu displayed on the web page.

10 The server associated with the reverse auction web site receives the data pertaining to the requested item, and initiates a search for goods or services matching those set out in the request.

 Preferably, the server and its associated software utilize one or more search engines; i.e., a special-purpose software program that uses an algorithm to search an
15 index of topics given a search argument. Generally, the search engine is designed so that its approach to searching the index can be changed to reflect new rules for finding and prioritizing matches in the index. The search engines locate web sites that offer the requested item for sale by utilizing a variety of search criteria. For example, the server might utilize Webcrawler to search for the requested item by name, Lycos to search all
20 web sites advertising discounted merchandise, and Excite! to search electronic bulletin boards containing posted sales advertisements for the requested item.

Once the server receives a predetermined number of posted prices from the various search engines, the server and its associated software determine a lowest posted price from the pool of posted prices. The server displays the lowest posted price 8 on a web page viewed by the purchaser, thus completing phase one of the reverse auction process.

In the second phase of the reverse auction process, the method solicits a starting bid from the purchaser, induces a bidding competition among multiple vendors of the requested item, whereby the competition is seeded with a starting bid from the purchaser. After receiving the starting bid, each vendor submits a sale bid (hereinafter, reverse bid) at a price lower than the starting bid. In this manner, the competition among the vendors to consummate a sale with the purchaser drives the final sale price down below the lowest posted price determined in phase one and below the initial bid for purchase submitted by the purchaser.

The reverse auction web site server and its associated software contact a vendor audience to solicit bids for sale of the requested item. The vendor audience is formed according to a predetermined plan; e.g., various vendors contact the reverse auction company and list a web server capable of functioning as a reverse auction participant.

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Year	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100																											
Population	1,000,000	1,050,000	1,100,000	1,150,000	1,200,000	1,250,000	1,300,000	1,350,000	1,400,000	1,450,000	1,500,000	1,550,000	1,600,000	1,650,000	1,700,000	1,750,000	1,800,000	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000	2,100,000	2,150,000	2,200,000	2,250,000	2,300,000	2,350,000	2,400,000	2,450,000	2,500,000	2,550,000	2,600,000	2,650,000	2,700,000	2,750,000	2,800,000	2,850,000	2,900,000	2,950,000	3,000,000	3,050,000	3,100,000	3,150,000	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000	3,500,000	3,550,000	3,600,000	3,650,000	3,700,000	3,750,000	3,800,000	3,850,000	3,900,000	3,950,000	4,000,000	4,050,000	4,100,000	4,150,000	4,200,000	4,250,000	4,300,000	4,350,000	4,400,000	4,450,000	4,500,000	4,550,000	4,600,000	4,650,000	4,700,000	4,750,000	4,800,000	4,850,000	4,900,000	4,950,000	5,000,000	5,050,000	5,100,000	5,150,000	5,200,000	5,250,000	5,300,000	5,350,000	5,400,000	5,450,000	5,500,000	5,550,000	5,600,000	5,650,000	5,700,000	5,750,000	5,800,000	5,850,000	5,900,000	5,950,000	6,000,000	6,050,000	6,100,000	6,150,000	6,200,000	6,250,000	6,300,000	6,350,000	6,400,000	6,450,000	6,500,000	6,550,000	6,600,000	6,650,000	6,700,000	6,750,000	6,800,000	6,850,000	6,900,000	6,950,000	7,000,000	7,050,000	7,100,000	7,150,000	7,200,000	7,250,000	7,300,000	7,350,000	7,400,000	7,450,000	7,500,000	7,550,000	7,600,000	7,650,000	7,700,000	7,750,000	7,800,000	7,850,000	7,900,000	7,950,000	8,000,000	8,050,000	8,100,000	8,150,000	8,200,000	8,250,000	8,300,000	8,350,000	8,400,000	8,450,000	8,500,000	8,550,000	8,600,000	8,650,000	8,700,000	8,750,000	8,800,000	8,850,000	8,900,000	8,950,000	9,000,000	9,050,000	9,100,000	9,150,000	9,200,000	9,250,000	9,300,000	9,350,000	9,400,000	9,450,000	9,500,000	9,550,000	9,600,000

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We therefore claim as our invention all modifications and equivalents to the embodiment coming within the scope and spirit of these claims.

2 1. A method of purchasing goods or services over a computer network,
comprising the steps of:
4 conducting a search over the network to determine the most favorable advertised
price for the goods or services; and
6 using the most favorable advertised price as a starting point, soliciting bids over
the network to find a price for the goods or services which is lower than the most
8 favorable advertised price.

2. The method of claim 1, wherein the network is the Internet.

3. The method of claim 1, wherein the step of conducting a search over the
2 network includes the use of an existing search engine.

4. The method of claim 1, wherein:
2 the most favorable advertised price is obtained from a first set of multiple
vendors; and
4 the price which is lower than the most favorable advertised price is obtained from
a second set of multiple vendors.

5. A method for purchasing goods or services over the Internet, comprising
2 the steps of:
obtaining a posted price associated with the goods or services over the Internet;

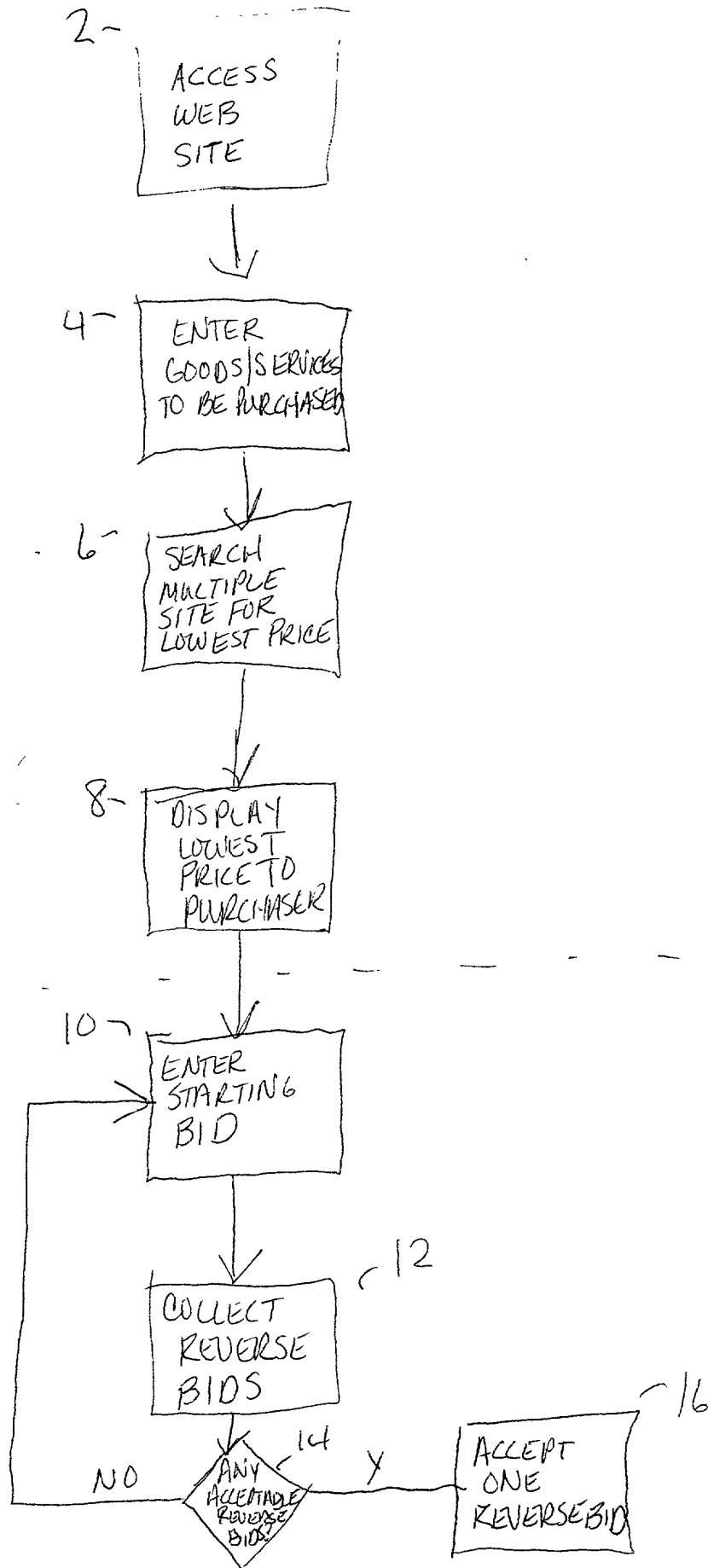
- 4 determining the lowest posted price of the posted prices obtained in the previous
step;
- 6 submitting a starting bid over the Internet which is lower than the lowest posted
price;
- 8 collecting one or more reverse bids over the Internet, wherein each reverse bid
represents a price which is lower than the starting bid;
- 10 selecting a final bid from among the reverse bids; and
purchasing the goods or services using the final bid.

6. The method of claim 5, wherein the step of conducting a search over the
2 network includes the use of an existing search engine.

7. The method of claim 5, wherein:
- 2 the most favorable advertised price is obtained from a first set of multiple
vendors; and
- 4 the price which is lower than the most favorable advertised price is obtained from
a second set of multiple vendors.

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As the below named inventor, I hereby declare my residence, post office address and citizenship are as stated below next to my name; and I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled:

the specification of which

- ☐ is attached hereto.
- ☐ was filed on _____ as ☐ Serial No. 0 / _____
or ☐ Express Mail No., *as Serial No. not yet known* _____
_____ and was amended on _____ (*if applicable*).
- ☐ was described and claimed in PCT International Application No. _____
_____ filed on _____ and as amended under PCT
Article 19 on _____ (*if any*).

I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above. I acknowledge to the duty to disclose information which is material to patentability as defined in 37, Code of Federal Regulations, §1.56(a). I hereby claim foreign priority benefits under Title 35, United States Code, §119 of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign application on which priority is claimed:

Priority Claimed

			Yes	No
			<input type="checkbox"/>	<input type="checkbox"/>
(Number)	(Country)	(Day/month/year filed)		
			<input type="checkbox"/>	<input type="checkbox"/>
(Number)	(Country)	(Day/month/year filed)		

I hereby claim the benefit under Title 35, United States Code, §120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States application in the manner provided by the first paragraph of Title 35, United States Code, §112, I acknowledge the duty to disclose material information as defined in Title 37, Code of Federal Regulations, §1.56(a) which occurred between the filing date of the prior application and the national or PCT international filing date of this application:

[illegible]

(App. Serial No.) (Filing date) (Status)
(patented, pending, abandoned)

(App. Serial No.) (Filing date) (Status)
(patented, pending, abandoned)

CLAIM FOR BENEFIT OF PRIOR U.S. PROVISIONAL APPLICATION(S)

I hereby claim the benefit under Title 35, United States Code, §119(e) of any United States provisional application(s) listed below:

PROVISIONAL APPLICATION NUMBER

FILING DATE

60/142,128

July 2, 1999

And I hereby appoint Ernest I. Gifford, Reg. No. 20,644; Allen M. Krass, Reg. No. 18,277; Irvin I. Groh, Reg. No. 17,505; Douglas W. Sprinkle, Reg. No. 27,394; Thomas E. Anderson, Reg. No. 31,318; Ronald W. Citkowski, Reg. No. 34,732; Judith M. Riley, Reg. No. 30,311; Douglas J. McEvoy, Reg. No. 34,385; Ellen S. Cogen, Reg. No. 38,109; Roberta J. Morris, Reg. No. 33,196; John G. Posa, Reg. No. 37,424; Douglas L. Wathen, Reg. No. 41,369; Avery N. Goldstein, Reg. No. 39,204; David R. Kurlandsky, Reg. No. 41,505; and Mark D. Schneider, Reg. No. 43,906 as my attorneys, to prosecute this application and to transact all business in the United States Patent and Trademark Office connected therewith. Send all correspondence to:

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I hereby declare that I qualify as an independent inventor as defined in 37 CFR 1.9(c) for purposes of paying reduced fees under Section 41(a) and (b) of Title 35, United States Code, to the Patent and Trademark Office with regard to the invention described in the specification. I have not assigned, granted, conveyed or licensed and am under no obligation under contract or law to assign, grant, convey or license, any rights in the invention to any person who could not be classified as an independent inventor under 37 CFR 1.9(c) if that person had made the invention, or to any concern which would not qualify as a small business concern under 37 CFR 1.9(d) or a non-profit organization under 37 CFR 1.9(e). Each person, concern or organization to which I have assigned, granted, conveyed, or licensed or am under an obligation under contract or law to assign, grant, convey, or license any rights in the invention is listed below:

- ☒ no such persons, concern, or organization
☐ persons, concerns or organizations listed below

FULL NAME _____

ADDRESS _____

☐ Individual

☐ Small Business Concern

☐ Non-Profit Organization

[illegible]

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